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CC: "Clare Laufenberg" <Claufenb@energy.state.ca.us>  
Date: 4/3/2008 7:32 PM  
Subject: RE: RETI Draft Report Comments; 3/19 Mtg Minutes

Ryan and Tim -

SMUD staff have reviewed the RETI Phase 1A draft report. In the spirit of active participation to help the RETI achieve it's mission, we have the following comments.

1. The report defines a base case of renewables and transmission in section 3. The study targets the difference between the base case and 33% renewables by 2020 as the amount of transmission & renewables needed for California so that transmission is not overbuilt leading to stranded costs. Our comment is that significantly more transmission needs to be built than just the difference between base case and 33% by 2020. Some reasons supporting this comment are: a) limited transmission will reduce competition at a time when greater competition & access among renewables IPPs is needed to reduce ratepayers costs; b) AB 32 and climate change issues likely will require more than 33% renewable energy supply for California (e.g., an 80% reduction in CO2 emissions compared to 1990 levels by 2050 is in the Governor's Executive Order S-35-05); c) California needs smooth & continuous growth in transmission rather than a start & stop strategy (e.g., will be doing another RETI collaborative in 2018?); d) regional needs for renewables supply should be met, e.g., POUs with smaller service territories than IOUs will need renewables and electricity deliveries to meet growing loads..
2. The report evaluates renewable potential in WECC, but appears to only consider CA RPS demand (Section 4.3) for 33% by 2020. A more accurate supply/demand evaluation would consider WECC RPS demand also as they would compete with CA for limited renewable resources. Why isn't WECC renewables demand or, at a minimum, renewables demand in the full study area (AZ, NV, Baja CA, OR, WA, BC) is not considered.
3. The report appears to consider transmission costs to deliver renewable energy from outside CA to CAISO. How does study assess transmission capacity outside CA and the need to build new capacity to serve identified renewable potential? Also, how are contractual rights to existing transmission considered which limit transmission available for new renewables, especially in areas outside CA?
4. Section 4.2.6 references the toggle to remove existing renewable technology incentives from the cost evaluation. We recommend adding language describing how this capability will be used in future phases. We think this is planned but want assurance that a sensitivity case is done showing the impact of loss of incentives on supply curve ranking of technologies..
5. We recognize that renewable potential is identified as technical potential, not feasible or achievable. Also, we would like to see potential shown in energy GWh, unless this is part of next phase of work.

6. The definition of short term (2008-2012), mid term (2013-2016) and long term (2017-2020) seem too short-term for transmission projects. our experience tells us that the lead times to identify, permit, fund, and construct transmission to serve these CREZ areas will likely be 10 - 15 years at a minimum. While we recognize that part of the goal of RETI is to accelerate transmission construction to access renewables, we are not sure what the value of the short and mid-term time periods are related to building new transmission.

I hope these comments are helpful. Rob Roth of SMUD contributed significantly to the SMUD comments.

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